



Discussion Group 1

Chair: Rick Beaulieu



If We Divest – How Do We **Topics**

- Protect tenants
- Maintain revenues
- Minimize environmental costs
- Convey facilities at the best price



Protect Tenants

- Long Term Lease (25 years) with option to purchase
- Min. or No Govt. Oversight (DCMA, DLA)
- Conditions of Current Leases Must be in New Lease.



Maintain Revenues / Avoid Additional Cost

- Keep ARMS active during lease period
 - Could Be Used to Accelerate Environmental Remediation
- Retain ARMS Revenue at Plant Level
- Lease Offers Lessee Continuation of Tax Mitigation and Time to Obtain New Environmental Permits
- Lease offers Greater Flexibility



Minimize Environmental C

- Lease/Purchase (25 years)
- Portion of Tenant Revenue Pays for Remediation during lease period.
- 25 Years Allows Lessee time to obtain environmental permits **or bring plant up to current environmental reg's.**



Convey Facilities at Best Price

- Obtain Net Appraised Value (realistic worth)
- Gov Offers 5 – 10 years of a Requirements Contract
- C.O.E. /AG lease goes away
- Barter Land for Cleanup or other Services
- Govt. Defines Required Industrial Base Capacity by Plant Above “Commercial Sizing”



What is Needed To Attract Buyer

- Govt. Pay for Environmental/
Environmental Permit Transfer
- Facility Capability Retained for
Army Pays OSHA cost
- Explore PPPs way to lease/convey
- Don't Parcelize



If we Divest – How Do We **Recommendations**

- Long Term Lease (25 years)/
Option to Buy
- If Decision is to Sell (excess do to
consolidation)
 - State, Federal, Local Govt. and
Contractor partnership PPPP
 - Resolve Tax and Environmental
Issues



Discussion Group 2

Chair: John Maniatakis



If We Divest – Should We...

Topics

- Use BRAC
- Use COE
- Use GSA
- Long term (25 year) facilities contract
- Long term (25 year) lease
- Establish Public-Private Partnership (may require special legislation)
- Sole Source conveyance to current site managers (may require special legislation)
- Other



If We Divest – Should We...

Topic Discussion

- ***If the Army elects “total divestiture” (Not Desirable), then... BRAC, COE, and GSA are viable options - either Sale or Early Transfer Program.***
 - Cost – Facility Operation/Maintenance; “Environmental” (remediation) costs (funded upfront or guarantee); Security...
 - CDR – Covenant Deferral Request with gaining State Governor and EPA Agreement
 - Time
 - Parcelization - sell select “green/clean” parcels (cherry pick the facility)

✓ ***Recommendation - Apply ARMS Techniques***



If We Divest – Should We...

Topic Discussion

- ***If the Army elects to retain “ownership and mission”, then... Long Term (up to 25 yr) Arrangement either Facility Use or Lease.***

- Facility Use Contract
 - Tailor to tenant’s and Army’s needs
 - Expeditious process for “due diligence”
 - 85-804, Indemnification
 - Cancelable
 - Facilitates contractors modernization investment
- Lease (USC 2667 – 5 yr or longer w/Sec Army approval)
 - COE Involved
 - Less government oversight
 - Recognized by financial community
 - Acts like a commercial entity
 - Permits sale of real property to “PRP”

✓ ***Recommendation – Apply ARMS Techniques***



If We Divest – Should We...

Topic Discussion

- ***If the Army elects “Sole source conveyance to current site managers...”***
 - Same Environmental, Cost, Time... Drivers



Discussion Group 3

Chair: Bill Holmes



ARMS Impacts with Divestiture ***Topics***

- I. If we continue ARMS through divestiture, should we:
 - A. Obtain a separate pot of money for those facilities or use ARMS pot?
- II. If we have one pot of ARMS money, do we:
 - A. Prioritize to active facilities?
 - B. Prioritize to facilities being divested (to minimize divestiture costs and provide a soft landing)?
 - C. Award based upon projected return on expenditure to Government?
 - D. Award based upon projected return on expenditure to Ammunition budget line?
- III. Should we continue with a National Marketing Program?



ARMS Impacts with Divestiture

Assumpti ons

1. Plants not BRAC'd
2. Ammo Line continues to be responsible for expenses



ARMS Impacts with Divestiture **Recommendations**

Issue I ***Separate Pot of*** ***Money?***

1. No ARMS funds to excess plants that cannot affect the PAA appropriation
2. Establish a separate pot of money for IMA to pay bills for excess facilities - Not PBS account



ARMS Impacts with Divestiture **Recommendations**

Issue II Prioritization?

1. Prioritization of ARMS funding based on return to government
2. If plants are BRAC'd, prioritization process will change
3. Prioritization Process
 - Ammo Line Benefit
 - Economic Analysis
 - Use NVP until Disposal



ARMS Impacts with Divestiture **Recommendations**

Issue III National Marketing?

1. About \$100K / YR
2. Some anecdotal evidence for utility
3. Continue and Develop Metrics